



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.)**

PAKISTAN PREMIER FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(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 Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Operating Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Umair Ahmed	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Habib Metropolitan Bank Limited MCB Bank Limited Bank Al-Habib Limited Summit Bank Limited Standard Chartared Pakistan 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 DIRECTORS 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 Pakistan Premier 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

During the period, PPF delivered a return of 2.67% against its benchmark KSE100 index return of 3.76%, underperforming by 1.09%. Equity exposure of fund increased from 74.3% to 78.3% during the period under review. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the quarter, the fund realigned its sector exposure by increasing allocation in Commercial Banks, Electricity and Chemical sectors while reducing exposure in Construction & Materials & Oil and Gas sectors.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 550 million as compared to Rs 552 million as at June 30 2013 registering a decrease of 0.36%

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 11.41 as compared to opening Ex-NAV of Rs. 11.11 per unit as at June 30, 2013 registering an increase of Rs.0.3 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 DIRECTORS 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.

On behalf of Directors,

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	Unaudited September 30, 2013	Audited June 30, 2013
(Rupees in '000)			
ASSETS			
Bank Balances		45,870	68,721
Investments	4	512,193	494,294
Dividend and profit receivable		8,780	551
Receivable against sale of Investment		11,602	15,952
Deposits, prepayments and other receivable		2,730	2,700
Advance tax		2,655	2,655
Total Assets		583,830	584,873
LIABILITIES			
Payable to the Management Company		5,071	5,142
Payable to Central Depository Company of Pakistan Limited - Trustee		94	93
Payable to Securities and Exchange Commission of Pakistan - Annual Fee		141	483
Unclaimed dividend		9,975	9,978
Accrued expenses and other liabilities		18,795	17,464
Total Liabilities		34,076	33,160
NET ASSETS		549,755	551,713
Unit holders' fund		549,755	551,713
(Number of units)			
Number of units in issue		48,197,912	38,349,502
(Rupees)			
Net Asset Value per unit		11.41	14.39

The annexed notes form an integral part of these condensed interim 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	September 30, 2013	September 30, 2012
(Rupees in '000)			
Income			
Dividend income		9,390	6,988
Capital gain on sale of investments - net		23,102	25,204
Income from government securities		692	318
Profit on bank deposits		936	485
		34,120	32,995
Net unrealised (diminution) / appreciation on remeasurement of investments 'at fair value through profit or loss'	4.2	(12,810)	27,044
Total income		21,310	60,039
Operating expenses			
Remuneration of the Management Company		3,984	2,887
Remuneration of the Trustee		296	249
Annual fee - Securities and Exchange Commission of Pakistan		141	118
Securities transaction cost		1,230	1,410
Settlement and bank charges		52	37
Fees and subscriptions		110	123
Auditor's remuneration		126	126
Printing and related cost		97	125
Total expenses		6,036	5,075
Net income from operating activities		15,274	54,964
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed		(709)	(2,886)
Provision for Workers' Welfare Fund		(291)	
Net income for the period before taxation		14,274	52,078
Taxation	6	-	-
Net income for the period after taxation		14,274	52,078
Other comprehensive income for the period		-	-
Total comprehensive income for the period		14,274	52,078
Earnings per unit	7		

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Chief Executive Officer

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Director

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

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Accumulated gain / (loss) brought forward	168,219	(12,139)
Final distribution at the rate of Rs. 3.2764 per unit declared on 04 July 2013 Bonus distribution	(125,648)	-
Net income for the period after taxation	14,274	52,078
Net element of income and capital gains included in in prices of units issued less those in units redeemed	10,932	904
Undistributed income carried forward	67,776	40,844

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Chief Executive Officer

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Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	September 30, 2013	September 30, 2012
(Rupees in '000)			
Net assets at the beginning of the period		551,713	467,932
Issue of 380,766 units (2012: 301,448 units)		4,614	3,065
Issue of 11,309,479 bonus units (2012: Nil units)		125,648	-
Redemption of 1,841,835 units (2012: 3,219,129 units)		(21,554)	(34,224)
		108,708	(31,158)
Net element of (income) / losses and capital (gains) / losses included in process of units issued less those in units redeemed			
-amount transferred to income statement		709	2,886
-amount transferred to distribution statement		(10,932)	(904)
		(10,223)	1,982
Final distribution at the rate of Rs. 3.2764 per unit declared on 04 July 2013 Bonus distribution		(125,648)	-
Capital gain on sale of investments		23,102	25,204
Net unrealised appreciation in value of investments 'at fair value through profit or loss' - net	4.2	(12,810)	27,044
Other net income for the period		3,981	(170)
		14,274	52,078
Net element of income and capital gains included in prices of units issued less those in units redeemed-transferred to distribution statement		10,932	904
Net assets at the end of the period		549,755	491,738

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 Chief Executive Officer

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 (Management Company)



 Director

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

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	14,274	52,078
Adjustments for non-cash and other items		
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	12,810	(27,044)
Net element of (income) / loss and (capital gains) / losses included in prices of units issued less those in units redeemed	709	2,886
	<u>27,793</u>	<u>27,920</u>
(Increase) / decrease in assets		
Investments - net	(30,709)	11,079
Dividend and profit receivable	(15,485)	(6,044)
Payable against sale of investments	11,602	-
Deposits, prepayments and other receivables	(30)	195
	<u>(34,622)</u>	<u>5,230</u>
Increase / (decrease) in liabilities		
Payable on redemption of units	-	(1,831)
Payable to the Management Company	(71)	61
Payable to Trustee	1	5
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(342)	(400)
Accrued expenses and other liabilities	1,331	284
Payable against purchase of investments	-	(16,339)
	<u>918</u>	<u>(18,220)</u>
Net cash (used in) from operating activities	<u>(5,911)</u>	<u>14,931</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment on redemption of units	(16,940)	(31,158)
Net cash used in financing activities	<u>(16,940)</u>	<u>(31,158)</u>
Net (decrease)/ increase in cash and cash equivalent during the period	<u>(22,851)</u>	<u>(16,228)</u>
Cash and cash equivalents at the beginning of the period	68,721	34,756
Cash and cash equivalents at the end of the period	<u>45,870</u>	<u>18,528</u>

The annexed notes form an integral part of these condensed interim 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

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).

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.

The Fund has been categorised as an open end equity scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS) and listed on the Lahore Stock Exchange on January 13, 2011. Units are offered for public subscription on a continuous basis. The units are transferrable and can be redeemed by surrendering them to the Fund.

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 and cash and near cash instruments which include cash in bank accounts (excluding TDRs), and treasury bills not exceeding 90 days remaining in maturity.

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 INVESTMENTS	Note	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000)	
At fair value through profit or loss			
- Government Securities	4.1	54,884	59,645
- Equity securities	4.2		
Quoted		455,202	432,542
Unquoted	4.2.1	2,107	2,107
		457,309	434,649
		512,193	494,294

4.1 Government Securities

Tenor	----- Face value -----				Balance as at September 30, 2013			Market value as percentage of total investments	Market value as percentage of net assets
	As at June 1, 2013	Purchases during the year	Sales / matured during the year	As at September 30, 2013	Carrying Value	Market value	Appreciation / (Diminution)		

(Rupees in '000)

MARKET TREASURY BILLS

3 Month	60,000	55,000	60,000	55,000	54,891	54,884	(7)	0.11	0.10
TOTAL - September 30, 2013					54,891	54,884	(7)		
TOTAL - June 30, 2013					29,584	29,580	(4)		

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

4.2 Equity Securities - At fair value through profit and loss

Name of the Investee company	Number of shares				Balance as at September 30, 2013			Market value as percentage of investment \$	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 July 1, 2013	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	As at September 30, 2013	Cost	Market value				Appreciation / (Diminution)
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
OIL & GAS											
Attock Petroleum Limited	25,071	27,600	9,694	13,000	49,365	23,652	21,304	(2,348)	4.16%	3.88%	0.06%
National Refinery Limited	2,000	47,000	-	7,000	42,000	11,444	8,682	(2,762)	1.70%	1.58%	0.05%
Pakistan Oilfields Limited	61,980	22,500	-	77,950	6,530	2,810	2,800	(10)	0.55%	0.51%	0.00%
Pakistan Petroleum Limited	115,721	169,300	44,884	101,100	228,805	43,639	43,610	(29)	8.51%	7.93%	0.01%
Pakistan State Oil Company Ltd.	166,240	73,800	-	41,900	198,140	62,335	51,932	(10,403)	10.14%	9.45%	0.08%
Oil and Gas Development Company Ltd.	119,000	75,000	-	135,000	59,000	14,159	13,866	(293)	2.71%	2.52%	0.00%
						<u>158,039</u>	<u>142,194</u>	<u>(15,845)</u>			
CHEMICALS											
Engro Corporation Limited	16,200	237,500	-	51,000	202,700	32,734	27,523	(5,211)	5.37%	5.01%	0.04%
Fatima Fertilizer Co Ltd	1,131,000	300,000	-	323,000	1,108,000	27,888	28,808	920	5.62%	5.24%	0.05%
Fauji Fertilizer Bin Qasim Limited	209,000	-	-	209,000	-	-	-	-	0.00%	0.00%	0.00%
Dawood Hercules Corporation Limited	111,000	-	-	111,000	-	-	-	-	0.00%	0.00%	0.00%
						<u>60,622</u>	<u>56,331</u>	<u>(4,291)</u>			
CONSTRUCTION AND MATERIALS											
Lucky Cement Limited	72,900	25,000	-	97,900	-	-	-	-	0.00%	0.00%	0.00%
Cherat Cement Company Limited	396,478	-	-	27,500	368,978	21,471	18,250	(3,221)	3.56%	3.32%	0.39%
D.G. Khan Cement Company Limited	45,947	397,500	-	164,947	278,500	21,565	19,180	(2,385)	3.74%	3.49%	0.06%
Kohat Cement Company Limited	291,874	166,500	-	77,000	381,374	33,090	35,304	2,214	6.89%	6.42%	0.30%
Maple Leaf Cement Factory Limited	230,000	814,000	-	350,000	694,000	16,921	14,838	(2,083)	2.90%	2.70%	0.13%
Pioneer Cement Limited	120,000	-	-	120,000	-	-	-	-	0.00%	0.00%	0.00%
Fecto Cement Limited	57,975	-	-	-	57,975	2,783	2,258	(525)	0.44%	0.41%	0.12%
						<u>95,830</u>	<u>89,830</u>	<u>(6,000)</u>			
INDUSTRIAL ENGINEERING											
Millat Tractors Limited	19	-	1	-	20	10	9	(1)	0.00%	0.00%	0.00%
						<u>10</u>	<u>9</u>	<u>(1)</u>			
Food Producers											
Engro Foods Limited	-	38,000	-	38,000	-	-	-	-	0.00%	0.00%	0.00%
						<u>-</u>	<u>-</u>	<u>-</u>			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	15,500	-	-	-	15,500	2,305	2,170	(135)	0.42%	0.39%	0.02%
						<u>2,305</u>	<u>2,170</u>	<u>(135)</u>			

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

Name of the investee company	Number of shares				Balance as at September 30, 2013			Market value as percentage of investment	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 July 1, 2013	Purchases during the period	Bonus / Rights issue/ Specie dividend	Sales during the period	As at September 30, 2013	Cost	Market value				Appreciation / (Diminution)
PERSONAL GOODS											
Nishat Chumian Limited	12,000	48,000	-	12,000	48,000	3,102	2,701	(401)	0.53%	0.49%	0.03%
Nishat Mills Limited	97,500	97,000	-	194,500	-	-	-	-	0.00%	0.00%	0.00%
Gadood Textile Mills Limited	13,000	24,200	-	-	37,200	5,057	5,655	598	1.10%	1.03%	0.16%
Blessed Textile Mills Limited	24,000	-	-	24,000	-	-	-	-	0.00%	0.00%	0.00%
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	130,000	699,000	-	265,000	564,000	14,590	14,754	164	2.88%	2.68%	0.01%
ELECTRICITY											
Hub Power Company Limited	779,665	105,000	-	-	884,665	54,819	56,380	1,561	11.01%	10.26%	0.08%
Kot Addu Power Company Limited	45,000	753,000	-	798,000	-	-	-	-	0.00%	0.00%	0.00%
Nishat Chumian Power Limited	-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
BANKS											
Allied Bank Limited	-	70,000	-	-	70,000	5,252	5,402	150	1.05%	0.98%	0.01%
Askari Bank Limited	117	-	-	117	-	-	-	-	0.00%	0.00%	0.00%
Bank AL-Falah Limited	1,130,500	677,500	-	592,000	1,216,000	23,758	25,463	1,705	4.97%	4.63%	0.09%
Bank AL-Habib Limited	703,130	8,000	-	73,000	638,130	17,403	23,145	5,742	4.52%	4.21%	0.06%
JS Bank Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
MCB Bank Limited	10,000	33,000	-	43,000	-	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	316,350	-	-	120,000	196,350	5,694	7,287	1,593	1.42%	1.33%	0.02%
Bank Islami Pakistan Limited	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Habib Metropolitan Bank Limited	-	21,000	-	10,000	11,000	225	232	7	0.05%	0.04%	0.00%
Habib Bank Limited	96,000	-	-	47,500	48,500	5,783	7,394	1,611	1.44%	1.34%	0.00%
National Bank Of Pakistan	-	583,000	-	583,000	-	-	-	-	0.00%	0.00%	0.00%
United Bank Limited	166,029	130,000	-	246,000	50,029	6,099	6,635	536	1.30%	1.21%	0.00%
NON LIFE INSURANCE											
Pakistan Reinsurance Company Limited	398,525	-	-	-	398,525	9,417	9,620	203	1.88%	1.75%	0.13%
DELISTED COMPANIES**											
Sarhad Ghee Mills Limited	113,000	-	-	-	113,000	-	-	-	0.00%	0.00%	0.01%
Sunflo Citrus Limited	315,000	-	-	-	315,000	-	-	-	0.00%	0.00%	0.03%
TOTAL - September 30, 2013											
						468,005	455,202	(12,803)			
TOTAL - June 30, 2013											
						392,814	432,542	39,728			

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

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

Investments include quoted equity securities with market value of Rs. 30.036 million (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 October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

- 4.2.1** In 2012, Pakistan International Container Terminal Limited distributed specie dividend in the form of shares of its wholly owned unlisted subsidiary i.e. Pakistan International Bulk Terminal (Private) Limited (PIBTL) approved in its Extra Ordinary General Meeting held on 3 August 2011. Listing of above shares is in progress and in absence of quoted price management has valued such shares at its breakup value based on annual audited financial statements of PIBTL as at 30 June 2012. The management in anticipation of listing of such shares has classified it as 'as at fair value through profit or loss' - held for trading.

5 Provision for Worker 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, 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 counsel 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 companies 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 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. During the quarter the Fund charged Rs.0.291 million on account of WWF. The aggregate amount of WWF charged as on September 30, 2013 is Rs. 16.385 million. If the same were not made the NAV of the fund would have been higher by Rs. 0.34 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

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

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 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 per unit is not practicable.

8 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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 investors holding 10% or more of units of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Performance fee 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.

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:

	(Un-audited)	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Transactions during the period with connected persons / related parties		
MCB - Arif Habib Saving & Investment Limited - Management Company		
Remuneration for the period	3,984	2,887
Central Depository Company of Pakistan Limited		
Remuneration for the period	296	249
CDS Charges	37	-
CDS Eligibility charges	-	23
Next Capital Limited		
Brokerage*	30	-
Arif Habib Limited - Brokerage house		
Brokerage*	42	74
Muhammad Aslam Motiwala (more than 10% holding)		
Bonus of 1,544,146 units (2012: Nil Units)	17,155	-
Directors and executives of the Management Company		
Issue of 808 Units (2012: 14,702 units)	10	137
Redemption of Nil units (2012:4,540 Units)	-	49
Bonus of 2,162 units (2012: Nil Units)	24	-

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

	(Un-audited)	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
MCB Bank Limited		
Profit on bank deposit	753	167
Dividend Income	116	-
Bank Charges	5	-

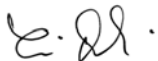
*The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000)	
Amounts outstanding as at period end		
MCB - Arif Habib Saving & Investment Limited - Management Company		
Remuneration Payable	1,116	1,185
Conversion cost payable	3,953	3,953
Front-end load payable	2	4
Central depository Company of Pakistan Limited		
Remuneration payable	94	93
Security deposit	200	200
Summit Bank Limited		
Balance with bank	3,522	3,522
Muhammad Aslam Motiwala (more than 10% holding)		
Units held: 6,780,216 units (2013: 5,236,070 units)	77,362	75,347
Directors and executives of the Management Company		
Units held: 10,302 (June 30, 2013: 7,332)	118	106
D.G Khan Cement Company Limited		
Shares held 278,500 (June 30, 2013: 45,947 shares)	19,180	3,845
Nishat Chunian Limited		
Shares held 48,000 (June 30, 2013: 12,000 shares)	2,701	717
Nishat Mills Limited		
Shares held Nil (June 30, 2013: 97,500 shares)	-	9,185
Fatima Fertilizer Company Limited		
Shares held 1,108,000 (June 30, 2013: 1,131,000 shares)	28,808	28,083
MCB bank Limited		
Balance with Bank	34,947	58,444
Accrued Profit on bank deposit	226	84
Shares held Nil (June 30, 2013: 10,000 shares)	-	2,426
Arif Habib Limited - Brokerage house		
Brokerage payable	33	-
Next Capital Limited		
Brokerage payable	10	-

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

9 DATE OF AUTHORISATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim 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)

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