



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
STOCK MARKET FUND**

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited (Formerly: Arif Habib Investments Limited) 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(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 Standard Chartered Bank Limited Deutsche Bank	
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 Pakistan Stock Market 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, PSMF delivered 2.51% return as compared to KSE100 index return of 3.76%. Overall equity exposure of the fund was increased by around 4.9% which stood at 81.8% at the end of the quarter. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the quarter fund realigned its sector exposure by reducing allocation in Oil & Gas while increasing its allocations in Construction and Material and Chemical sector.

The Net Asset of the Fund as at September 30, 2013 stood at Rs. 1,190 million as compared to Rs 1,179 million as at June 30 2013, remaining almost flat.

The Net Asset Value (NAV) per unit as at September 30, 2013 was Rs. 60.44 as compared to opening NAV of Rs. 58.96 per unit as at June 30, 2013 registering an increase of Rs. 1.48 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.

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

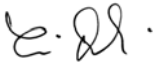
**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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	Unaudited September 30, 2013 (Rupees in '000)	Audited June 30, 2013
Assets			
Balances with banks		60,121	113,835
Receivable against sale of units		29	732
Receivable against sale of investments		10,399	62,834
Investments	4	1,129,541	1,050,150
Dividend and mark-up receivable		19,009	1,176
Advances, deposits, prepayments and other receivables		3,726	3,736
Total assets		<u>1,222,825</u>	<u>1,232,463</u>
Liabilities			
Payable against redemption of units		218	228
Payable against purchase of investment		-	22,018
Payable to Management Company		1,076	2,862
Payable to Central Depository Company of Pakistan Limited - Trustee		181	194
Payable to Securities and Exchange Commission of Pakistan		302	1,014
Accrued expenses and other liabilities		31,100	27,485
Total liabilities		<u>32,877</u>	<u>53,801</u>
Net assets		<u>1,189,948</u>	<u>1,178,662</u>
Unit holders' funds		<u>1,189,948</u>	<u>1,178,662</u>
(Number of units)			
Number of units in issue		<u>19,687,291</u>	<u>15,193,475</u>
(Rupees)			
Net asset value per unit		<u>60.44</u>	<u>77.58</u>

The annexed notes 1 to 9 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**

	<i>Note</i>	September 30, 2013 (Rupees in '000)	September 30, 2012
Income			
Capital gain on sale of investments		42,777	46,067
Income from Government Securities		1,832	853
Dividend income		20,471	15,348
Profit on deposit accounts with banks		1,537	987
		<u>66,617</u>	<u>63,254</u>
Unrealised (diminution) / appreciation in fair value of investments ' at fair value through profit or loss - net		<u>(23,589)</u>	53,968
Total income		43,028	117,222
Operating Expenses			
Remuneration of Management Company		8,563	5,936
Remuneration of Central Depository Company of Pakistan Limited - Trustee		570	503
Annual fee - Securities and Exchange Commission of Pakistan		302	243
Securities transaction cost		2,594	2,643
Settlement and bank charges		203	154
Fees and subscriptions		35	35
Auditors' remuneration		133	256
Total expenses		<u>12,401</u>	9,771
Net income from operating activities		30,627	107,452
Element of (loss) /Income and capital (losses)/ gains included in prices of units sold less those in redeemed		(820)	5,233
Provision for Workers' Welfare Fund		(597)	-
Net income for the period before taxation		<u>29,210</u>	<u>112,685</u>
Taxation	6	-	-
Net income for the period after taxation		<u>29,210</u>	<u>112,685</u>
Other comprehensive Income for the period			
Unrealised appreciation in value of investments classified as 'available for sale'		-	2,074
Total comprehensive income for the period		<u>29,210</u>	<u>114,759</u>
Earnings per unit	7		

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Chief Executive Officer

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(Management Company)



Director

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

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Undistributed Income brought forward	418,626	30,782
Final Distribution at the rate of Rs. 18.6184 per unit declared on 04 July, 2013		
Issue of bonus units	(282,879)	-
Element of income and capital gains included in prices of units sold less those in units redeemed - amount representing unrealised appreciation / (diminution)	40,265	1,838
Total net income for the period after taxation	29,210	112,684
Undistributed Income carried forward	205,222	145,304

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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**

Note	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Net assets at the beginning of the year	1,178,662	921,464
Issue of units 1,224,765 (2012: 2,202,344 units)	25,641	125,186
Issue of 4,797,805 bonus units	282,879	-
Redemption of units 1,528,754 (2012: 1,261,007 units)	(44,385)	(71,048)
	264,134	54,138
	1,442,796	975,602
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- amount representing loss / (gain) and capital losses / (gains) - transferred to Income Statement	820	(5,233)
- amount representing unrealised diminution in value of investments transferred directly to Distribution Statement	(40,265)	1,838
	(39,444)	(3,395)
Net unrealised appreciation in value of investments of investments classified as 'available for sale'	-	2,074
Element of income/ (loss) and (capital gains)/losses included in prices of units issued less those in units redeemed - amount representing unrealised diminution	40,265	(1,838)
Capital gain on sale of investments	42,777	46,067
Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net	(23,589)	53,968
Other net income for the period	10,022	12,650
Net income for the period	29,210	112,684
Issue 4,797,805 bonus units for the year ended June 30, 2013 (2012: 15,193,475)	(282,879)	-
Net assets at end of the period	1,189,948	1,085,127

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



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 FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	29,210	112,684
Adjustments		
Unrealised (appreciation) /diminution in fair value of investments ' at fair value through profit or loss - net	23,589	(53,968)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units repurchased	820	(5,233)
	53,619	53,483
(Increase) / decrease in assets		
Receivable against sale of investments	52,435	1,664
Investments	(124,998)	(135,058)
Dividend and markup receivable	(17,833)	(13,241)
	(90,396)	(146,635)
Increase / (decrease) in liabilities		
Payable to Management Company	(1,786)	371
Payable to Central Depository Company of Pakistan Limited-Trustee	(13)	6
Payable to Securities and Exchange Commission of Pakistan	(712)	(719)
Accrued expenses and other liabilities	3,615	9,712
	1,104	9,370
Net cash (outflow) / inflow from operating activities	(35,673)	(83,782)
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments made against sale/ redemption of units	(18,041)	50,253
Net cash (outflow)/ inflow from financing activities	(18,041)	50,253
Net (decrease)/ increase in cash and cash equivalents during the period	(53,714)	(33,529)
Cash and cash equivalents at the beginning of the period	113,835	55,742
Cash and cash equivalents as at the end of the period	60,121	22,213

The annexed notes 1 to 9 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 Stock Market 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)] as the Management Company, 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.

PSM is an open-ended mutual fund, listed on the Karachi 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 is a stock market fund, which primarily invests in shares of listed companies. Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of 'AM2' (positive outlook) to the Management Company and 3-Star Normal and 3-Star Long Term to the Fund.

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

2. BASIS OF PRESENTATION

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 annual financial statements of the Fund for the year ended June 30, 2013

4. INVESTMENTS

		(Unaudited)	(Audited)
		September 30,	June 30,
		2013	2013
		(Rupees in '000)	
At fair Value through profit or loss - held for tarding			
Quoted equity securities	4.1	996,819	927,894
Unquoted equity securities	4.2	2,966	2,966
		999,784	930,860
- Government Securities	4.3	129,757	119,290
		1,129,541	1,050,150

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

4.1 Quoted equity securities - at fair value through profit and loss - held for trading

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

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 30 September 2013	Cost as at 30 September 2013	Market value as at 30 September 2013	(Diminution / appreciation as at 30 September 2013)	Market value as a percentage of		Paid up value of shares held as a percentage of total paid up capital of the investee company
									investments	net assets	
(Rupees in 000)											
OIL & GAS											
National Refinery Limited	72,000	71,600	-	57,200	86,400	22,886	17,859	(5,027)	1.58%	1.50%	0.11%
Pakistan Oilfields Limited	126,187	43,600	-	155,700	14,087	6,045	6,040	(5)	0.53%	0.51%	0.01%
Attock Refinery Limited	-	100	-	100	-	-	-	-	-	-	0.00%
Oil & Gas Development Company Limited	253,481	159,500	-	289,000	123,981	30,091	29,138	(953)	2.58%	2.45%	0.00%
Pakistan Petroleum Limited	277,148	377,700	98,309	250,300	502,857	96,013	95,845	(168)	8.49%	8.05%	0.03%
Pakistan State Oil Company Limited	330,600	155,400	-	62,000	424,000	133,413	111,130	(22,283)	9.84%	9.34%	0.17%
Attock Petroleum Limited	53,981	60,400	20,876	29,100	106,157	50,881	45,813	(5,068)	4.06%	3.85%	0.13%
						339,328	305,824	(33,504)			
CHEMICALS											
Engro Corporation Limited	45,300	543,800	-	150,000	439,100	70,306	59,621	(10,685)	5.28%	5.01%	0.09%
Fatima Fertilizer Company Limited	2,403,500	635,500	-	673,000	2,366,000	59,574	61,516	1,942	5.45%	5.17%	0.11%
Fauji Fertilizer Bin Qasim Limited	487,418	500	-	487,418	500	20	19	(2)	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	-	800	-	-	800	88	81	(7)	0.01%	0.01%	0.00%
Dawood Hercules Corporation Limited	247,000	500	-	247,500	-	-	-	-	-	-	0.00%
						129,988	121,237	(8,751)			
CONSTRUCTION AND MATERIALS											
D.G.Khan Cement Company Limited	88,250	891,000	-	394,750	584,500	45,107	40,255	(4,853)	3.56%	3.38%	0.13%
Lucky Cement Limited	155,399	25,100	-	180,499	-	-	-	-	-	-	0.00%
Cherat Cement Company Limited	826,746	-	-	53,500	773,246	44,995	38,245	(6,750)	3.39%	3.21%	0.81%
Kohat Cement Company Limited	620,430	371,500	-	168,000	823,930	71,462	76,271	4,809	6.75%	6.41%	1.64%
Lafarge Pakistan Cement Limited	49	-	-	49	-	-	-	-	-	-	0.00%
Mappe Leaf Cement Factory Limited	500,000	1,395,000	-	400,000	1,495,000	36,210	31,963	(4,247)	2.83%	2.69%	0.28%
Fauji Cement Company Limited	-	1,000	-	-	1,000	15	11	(4)	0.00%	0.00%	0.00%
Fecto Cement Limited	92,850	-	-	18,500	74,350	3,570	2,896	(674)	0.26%	0.24%	0.06%
Pioneer Cement Limited	200,500	-	-	200,500	-	-	-	-	-	-	0.00%
						201,359	189,640	(11,718)			
ENGINEERING											
Millat Tractors Limited	20	50	7	-	77	38	36	(1)	0.00%	0.00	0.00%
						38	36	(1)			
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company Limited	26,500	-	-	-	26,500	3,941	3,710	(231)	0.33%	0.31%	0.03%
						3,941	3,710	(231)			
FOOD PRODUCERS											
Engro foods limited	-	82,600	-	-	82,600	-	-	-	-	-	0.01%

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

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 30 September 2013	Cost as at 30 September 2013	Market value as at 30 September 2013	(Diminution / appreciation as at 30 September 2013)	Market value as a percentage of		Paid up value of shares held as a percentage of total paid up capital of the investee company
									investments	net assets	
PERSONAL GOODS											
Nishat Mills Limited	216,000	203,200	-	418,700	500	50	46	(4)	0.00%	0.00%	0.00%
Nishat Chunian Limited	54,500	143,500	-	54,500	143,500	9,268	8,076	(1,192)	0.71%	0.68%	0.08%
Gadoon Textile Mills Limited	19,500	59,400	-	-	78,900	10,615	11,993	1,378	1.06%	1.01%	0.34%
Blessed Textile Mills Limited	49,000	-	-	49,000	-	19,933	20,115	182	-	-	0.00%
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Ltd. "A"	279,500	1,276,500	-	340,000	1,216,000	31,210	31,811	601	2.82%	2.67%	0.03%
ELECTRICITY											
Hub Power Company Ltd.	1,672,128	239,000	-	-	1,911,128	118,906	121,796	2,890	10.78%	10.24%	0.17%
Nishat Chunian Power Limited	-	100,000	-	100,000	-	-	-	-	-	-	0.00%
Nishat Power Limited	-	100,000	-	100,000	-	-	-	-	-	-	0.00%
Kot Addu Power Company Limited	95,000	1,617,500	-	1,712,500	-	-	-	-	-	-	0.00%
BANKS											
Allied Bank Limited	-	138,000	-	-	138,000	10,427	10,649	222	0.94%	0.89%	0.01%
Bank Al Habib Limited	1,498,992	30,500	-	155,000	1,374,492	37,573	49,853	12,280	4.41%	4.19%	0.14%
Habib Bank Limited	174,220	100	-	17,500	156,820	18,704	23,909	5,205	2.12%	2.01%	0.01%
Habib Metropolitan Bank Limited	-	305,000	-	70,000	235,000	4,688	4,956	268	0.44%	0.42%	0.02%
National Bank of Pakistan	-	1,154,000	-	1,154,000	-	-	-	-	0.00%	0.00%	0.00%
MCB Bank Limited	23,800	71,400	-	95,200	-	-	-	-	0.00%	0.00%	0.00%
Askari Bank Limited	288	1,000	-	1,288	-	-	-	-	0.00%	0.00%	0.00%
Bank Al-Falah Limited	2,412,000	1,560,500	-	1,257,000	2,715,500	53,401	56,863	3,461	5.03%	4.78%	0.20%
Soneri Bank Limited	-	50,500	-	50,500	-	-	-	-	0.00%	0.00%	0.00%
United Bank Limited	350,096	283,300	-	464,700	168,696	20,637	22,374	1,738	1.98%	1.88%	0.01%
BankIslami Pakistan Limited	22,000	-	-	-	22,000	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	669,885	-	-	250,000	419,885	12,177	15,582	3,405	1.38%	1.31%	0.04%
NON LIFE INSURANCE											
Adamjee Insurance Company Limited	-	500	-	-	500	46	37	(9)	0.00%	0.00%	0.00%
Pakistan Reinsurance Company Limited	763,100	-	-	-	763,100	18,032	18,421	389	1.63%	1.55%	0.25%
FINANCIAL SERVICES											
Jahangir Siddiqui Company Limited	-	500	-	-	500	6	4	(2)	0.00	0.00	0.00%
Total - September 30, 2013											
						1,020,392	996,819	(23,573)			
Total - June 30, 2013											
						845,175	927,894	82,719			

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

4.2 Unquoted equity securities - at fair value through profit and loss - held for trading

Name of the investee company	As at 1 July 2013	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at 30 September 2013	Cost as at 30 September 2013	Market value as at 30 September 2013	(Diminution) / appreciation as at 30 September 2013	Market value as a percentage of		Paid up value of shares held as a percentage of total paid up capital of the investee company
									investments	net assets	
----- Number of shares ----- (Rupees in 000) -----											
INDUSTRIAL TRANSPORTATION											
Pakistan International Bulk Terminal Limited	301,387	-	-	-	301,387	2,966	2,966	-	0.26%	0	0.55%
Total - September 30, 2013						2,966	2,966	-			
Total - June 30, 2013						3,014	2,966	(48)			

SHARES OF LISTED COMPANIES - Fully paid ordinary shares / certificates of Rs. 10 each unless stated otherwise

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

Tenor	As at July 01, 2013	Purchases during the year	Sales / Matures during the year	As at September 30, 2013	Cost	Market value	Diminution as at 30 September 2013	as a percentage of	
								of net assets	total investment
----- (Rupees in 000) -----									
2 May 2013		45,000		-	-	-	-	-	-
25 July 2013		50,000		50,000	49,809	49,798	(11)	4.18%	4.41%
04 October 2012		105,000	25,000	80,000	79,963	79,959	(4)	6.72%	7.08%
09 August 2012				-	-	-	-	-	-
26 July 2012		75,000		-	-	-	-	-	-
Total - September 30, 2013					129,772	129,757	(15)		
Total - June 30, 2013					119,265	119,290	25		

**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 adjudication.

Subsequent, 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 December 14, 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.0.596 million on account of WWF. The aggregate amount of WWF charged as on September 30, 2013 is Rs. 0.596 million. If the same were not made the NAV of the fund would have been higher by Rs. 0.77 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. Earning 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

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

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

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.

Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with 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:

	(Unaudited)	
	September 30, 2013	September 30, 2012
	(Rupees in '000)	
Management Company		
Remuneration	<u>8,563</u>	<u>5,936</u>
Sales load	<u>374</u>	<u>74</u>
Summit Bank Limited (Formerly Arif Habib Bank Limited)		
Mark up Income	<u>-</u>	<u>16</u>
Arif Habib Limited		
Brokerage *	<u>80</u>	<u>144</u>
Next Capital Limited		
Brokerage *	<u>55</u>	<u>7</u>
Central Depository Company of Pakistan Limited-Trustee		
Remuneration of the Trustee	<u>570</u>	<u>503</u>
CDS charges	<u>75</u>	<u>38</u>
Directors and Executive of the Management Company		
Investment in the Fund 40,981 units, (2012: Nil units)	<u>2,316</u>	<u>-</u>
Redemption from the Fund 47,148 units, (2012: 30,502 units)	<u>3,065</u>	<u>1,730</u>
Bonus from the Fund 9,629 units, (2012: Nil)	<u>568</u>	<u>-</u>

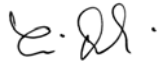
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Amounts outstanding as at the period / year end	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) June 30, 2013
Management Company		
Management fee	702	2,522
Front-end load payable	<u>374</u>	<u>340</u>
MCB Bank Limited		
Balance with Bank	<u>44,158</u>	<u>108,105</u>
Accrued Mark up	<u>5</u>	<u>125</u>
Nils Shares held as at September 30, 2013 (2013: 23,800)	<u>-</u>	<u>5,774</u>
D.G Khan Cement Limited		
Shares held as at 30 September 2013: 584,500 shares (2013: 88,250 shares)	<u>40,255</u>	<u>7,386</u>
Nishat Chunain Limited		
Shares held as at 30 September 2013: 143,500 shares (2013: 54,500 shares)	<u>8,076</u>	<u>3,256</u>
Nishat Mills Limited		
Shares held as at 30 September 2013: 500 shares (2013: 216,000 shares)	<u>46</u>	<u>-</u>
Adamjee Insurance Company Limited		
Shares held as at 30 September 2013: 500 shares (2013: Nil shares)	<u>37</u>	<u>-</u>
Directors and Executive of the Management Company		
33,955 units (2012: 33,394 units)	<u>2,052</u>	<u>2,366</u>
Central Depository Company of Pakistan Limited-Trustee		
Security Deposit	<u>200</u>	<u>200</u>
Trustee fee and CDS charges	<u>181</u>	<u>194</u>

* 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 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements have been authorized 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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