



Bachat ka Doosra Naam

Asset Manager Rating (By PACRA): **AM2+** (AM Two Plus)

Quarterly Report
March 31, 2015
(Unaudited)



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

Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Executive Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Yasir Qadri	Chairman Member Member Member Member
Company Secretary & Chief Financial Officer	Mr. Muhammad Saqib Saleem	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	MCB Bank Limited Allied Bank Limited Deutsche Bank AG Habib Metropolitan Bank Limited NIB Bank Limited United Bank Limited Faysal Bank Limited Bank Al-Falah Limited	
Auditors	M. Yousuf Adil Saleem & Co.-Chartered Accountants Cavis Court, A-35, Block 7 & 8, KCHSU, Sharae Faisal, Karachi-75350	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5, Clifton, Karachi. Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Transfer Agent	MCB-Arif Habib Savings and Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Rating	Asset Manager: "AM2+" (PACRA) Entity Ratings : "AA-" (PACRA)	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Fund's** accounts review for the nine months ended March 31st 2015.

Economy & Money Market Review

In the wake of lower oil prices, macro-environment has stabilized with strengthening outlook. With oil prices hovering around \$55 per barrels at the end of March, 2015 in the international market, the crude has fallen by more than 50% from its peak level of around \$114 per barrel touched in June, 2014, largely benefiting the country in the shape of soft inflation and lower oil import bill.

Hence, on the heels of stable food prices and cut in fuel prices in the domestic market, Consumer Price Inflation averaged around 5.14% during the first nine months of the current fiscal year. If oil prices stabilize below \$60 per barrel, CPI is expected to persist in lower range during the last quarter of the current fiscal year.

While the country's current account deficit summed to \$1.64 billion during the first eight months of the current fiscal year (as per latest available data) as opposed to deficit of \$ 2.4 billion during the corresponding period last year. With trade deficit largely unchanged compared to the previous year, improvement in the current account balance came from larger Collation Support Fund proceeds and higher remittances.

Import bill remained close to the last year's level, as benefit of lower oil bill was eroded by volumetric increase in imports of other segments. Whereas exports have slightly weakened in consideration of lower cotton prices, disruptive power supplies and the loss of competitiveness due to real exchange rate appreciation. With oil imports accounting for one-third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months reflecting significant drop in oil prices.

Workers' Remittances summed to \$ 13.33 billion during the nine months period, marking a growth of 15 percent as compared to the corresponding period last year.

At the same time, financial account registered a surplus of \$ 2.5 billion as compared to a surplus of \$ 0.61 billion recorded during the same period last year. This is mainly due to increase in portfolio investments after the government successfully raised \$ 1 billion through Sukuk auction.

The country's FX reserves got an impetus from multilateral and bilateral disbursements, privatization proceeds, \$ 1 billion Sukuk auction, lower oil bill and SBP interventions. The reserves stood at around \$ 16 billion at the end of March, higher by around \$2 billion since the start of the current fiscal year. Out of total financing of around \$ 2.2 billion scheduled for FY15 under IMF Extended Fund Facility (EFF), the country has received two tranches of around \$ 540 million each during 9MFY15.

Keeping in view lower inflationary pressure along with improving outlook on the balance of payment, the government had announced cut in the discount rate in the monetary policy held in November, January and March, bringing the discount rate to 8 percent from 10 percent at the start of the year.

M2 has expanded by 4.87 percent during the 9MFY15 (till 27th March) as opposed to expansion of 5.21 percent during the same period last year. At the same time, the net borrowing from the banking system increased by Rs 521.62 billion as opposed to Rs 505.86 billion raised during the same period last year.

Money market remained quite active during the 9MFY15, largely due to declining interest rate scenario stemming from sharp decline in oil prices. Participation largely remained concentrated in longer tenure paper causing strain on short term liquidity as the government sold a total of Rs 850 billion worth of PIBs against a target of Rs 600 billion during the first three quarters.

FUND PERFORMANCE

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014

During the period under review, the fund generated an annualized return of 12.31% as against its benchmark return of 10.76%. In the easing interest rate scenario, the fund booked strong investment income from govt. securities by gradually building exposure towards PIBs.

As the interest rate expectation shifted towards monetary easing by the end of 2HFY14, fund increased portfolio duration by increasing allocation in PIBs and long tenor T-Bills. At period-end, the fund was invested 42.0% in PIBs vis-à-vis 35.5% at the beginning, 22.6% in T-bills vis-à-vis 0% at the beginning and 26.4% in TFCs vis-à-vis beginning allocation of 35.5%.

The Net Assets of the Fund as at March 31, 2015 stood at Rs. 1,068 million as compared to Rs 1,008 million as at June 30, 2014 registering an increase of 5.95%.

The Net Asset Value (NAV) per unit as at March 31, 2015 was Rs. 56.85 as compared to opening NAV of Rs. 52.04 per unit as at June 30, 2014 registering an increase of Rs. 4.81 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

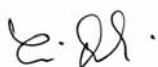
The government expects reserve position to improve further towards the end of the ongoing fiscal year on the back of significant improvement in foreign direct investments and pledges made by multilateral agencies. The government is eyeing to raise foreign inflows through offloading its stake in HBL and the country is also expected to receive next tranche of US\$ 550 million from IMF in April. Remittances are expected to grow further, however, political distraction in the Middle Eastern region and lower oil prices pose risk to the ongoing northward trend.

Due to subsiding cost pressure, we expect manufacturing sectors, primarily, Auto, Cement and Consumer sectors to outperform the broader market. Moreover, continuation of expansionary environment suggests high-dividend yield companies to stay in the limelight.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Yasir Qadri

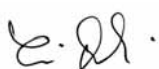
Chief Executive Officer

April 24, 2015

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 MARCH 2015**

	(Unaudited) March 31, 2015	(Audited) June 30, 2014
Note	----- (Rupees in '000) -----	
Assets		
Balances with banks	73,490	263,245
Investments	5 1,001,972	703,027
Profit receivable	16,319	29,466
Advances, deposits and prepayments	8,872	42,043
Total assets	1,100,653	1,037,781
Liabilities		
Payable to Management Company	1,543	1,442
Payable to Central Depository Company of Pakistan Limited - Trustee	172	167
Payable to Securities and Exchange Commission of Pakistan	578	757
Payable on redemption of units	47	1,414
Accrued expenses and other liabilities	6 30,034	25,994
Total liabilities	32,374	29,774
Net assets	1,068,279	1,008,007
Unit holders' funds (as per statement attached)	1,068,279	1,008,007
Contingencies and commitments	7	
	(Number of units)	
Number of units in issue	18,789,596	19,364,435
Net asset value per unit	56.85	52.05

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2015	2,014	2015	2,014
----- (Rupees in '000) -----					
Income					
Income from government securities		49,379	40,037	17,526	13,013
Income from term finance and sukuk certificates		28,999	36,126	8,687	12,445
Profit on bank deposits		5,488	5,694	794	2,088
Capital gain / (loss) on sale of investments - net		6,828	(1,045)	6,685	179
		<u>90,694</u>	<u>80,812</u>	<u>33,692</u>	<u>27,725</u>
Net unrealised appreciation /(diminution) in fair value of investments classified as 'at fair value through profit or loss'	5.5	14,036	6,955	(1,383)	7,383
Reversal of provision against non-performing debt securities		1,873	41	625	-
Total income		<u>106,603</u>	<u>87,808</u>	<u>32,934</u>	<u>35,108</u>
Expenses					
Remuneration of Management Company		11,556	11,380	3,873	3,621
Sales tax and Federal Excise Duty on management fee		3,860	3,933	1,294	1,252
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,293	1,279	429	410
Securities and Exchange Commission of Pakistan - fee		578	569	194	181
Securities transaction cost		85	152	15	83
Settlement and bank charges		182	251	52	86
Fees and subscription		157	159	56	48
Legal and professional		471	27	294	7
Auditors' remuneration		515	410	263	123
Printing and related costs		81	190	43	46
Total expenses		<u>18,778</u>	<u>18,350</u>	<u>6,513</u>	<u>5,857</u>
		<u>87,825</u>	<u>69,458</u>	<u>26,421</u>	<u>29,251</u>
Net element of (loss)/ gains and capital (losses)/ gains included in prices of units issued less those in units redeemed		(363)	(361)	394	440
Provision for Workers' Welfare Fund	6.1	(1,750)	(11,710)	(536)	(5,863)
Net income for the period before taxation		<u>85,712</u>	<u>57,387</u>	<u>26,279</u>	<u>23,828</u>
Taxation	8	-	-	-	-
Net income for the period after taxation		<u>85,712</u>	<u>57,387</u>	<u>26,279</u>	<u>23,828</u>
Other comprehensive income for the period					
<i>Items that may be reclassified to profit and loss account</i>					
Unrealised appreciation on re-measurement of investments classified as 'available for sale'	5.4	4,642	31	2,017	31
Total comprehensive income for the period		<u>90,354</u>	<u>57,418</u>	<u>28,296</u>	<u>23,859</u>
Earnings per unit	9				

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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


Chief Executive Officer


Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
Undistributed income brought forward	39,675	64,923	100,424	36,339
Net element of loss and capital losses included in the prices of units issued less those in units redeemed - amount representing unrealised income	(1,153)	(2,490)	156	363
Total comprehensive income for the period	90,354	57,418	28,296	23,859
	89,201	54,928	28,452	24,222

Distributions to the unit holders of the Fund:

Final bonus distribution for the year ended June 30, 2013 at Rs. 1.16 per unit (Date of distribution July 4, 2013)	-	(23,828)	-	-
Interim distribution of bonus units for the quarter ended September 30, 2013 at Rs 0.86 per unit (Date of distribution September 27, 2013)	-	(16,635)	-	-
Interim distribution of bonus units for the half year ended December 31, 2013 at Rs 1.9286 per unit (Date of distribution December 26, 2013)	-	(18,827)	-	-
Interim distribution of bonus units for the nine months ended March 31, 2014 at Rs 1.11 per unit (Date of distribution March 27, 2014)	-	(21,006)	-	(21,006)
Final Distribution of bonus year ended June 30, 2014 at Rs 1.09 (Date of Distribution June 27, 2014)	-	(80,296)	-	(21,006)

Undistributed income carried forward

128,876	39,555	128,876	39,555
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The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net assets at beginning of the period	1,007,818	1,091,897	1,036,878	991,995
Issue of 2,083,510 units (2014: 2,866,230 units) and 654,284 units (2014: 1,136,582 units) for the half year and quarter ended respectively	113,934	150,723	37,002	59,965
Redemption of 2,658,349 units (2014: 5,655,111 units) and 595,299 units (2014: 1,357,882 units) for the half year and quarter ended respectively	(144,190)	(296,053)	(33,503)	(71,033)
Issue of Nil (2014: 1,172,226) bonus units and Nil (2014: 403,976 units) during the half year and quarter respectively	-	80,296	-	21,006
	(30,256)	(65,034)	3,499	9,938
Element of loss and capital losses included in prices of units issued less those in units redeemed				
- amount representing loss transferred to - income statement	363	361	(394)	(440)
- amount representing loss that forms part of unit holders'- fund transferred to distribution statement	1,153	2,490	(156)	(363)
	1,516	2,851	(550)	(803)
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing unrealised income	(1,153)	(2,490)	156	363
Net income for the period transferred from the distribution statement				
Capital gain / (loss) on sale of investments - net	6,828	(1,045)	6,685	179
Net unrealised appreciation /(diminution) in fair value of investments classified as 'at fair value through profit or loss'	14,036	6,955	(1,383)	7,383
Other net income for the period	64,848	51,477	20,977	16,266
Distributions made during the period (Refer distribution statement)	-	(80,296)	-	(21,006)
	85,712	(22,909)	26,279	2,822
Unrealised appreciation on re-measurement of investments classified as 'available for sale'	4,642	31	2,017	31
Net assets at end of the period	1,068,279	1,004,346	1,068,279	1,004,346

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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



Chief Executive Officer



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	85,712	57,387	26,279	23,828
<i>Adjustments</i>				
Net unrealised (appreciation) /diminution in value of investments classified as 'at fair value through profit or loss'	(14,036)	(6,955)	1,383	(7,383)
Net element of (loss)/ gains and capital (losses)/ gains prices of units issued less those in units redeemed	363	361	(394)	(440)
Reversal of provision against non-performing debt securities	(1,873)	(41)	(625)	-
	70,166	50,752	26,643	16,005
(Increase) / decrease in assets				
Investments	(278,394)	(377,199)	21,712	(179,401)
Receivable against sale of investments	-	5,039	-	1
Advance against subscription of term finance certification	-	(33,583)	-	(6,500)
Profit receivable	13,147	1,599	15,109	1,232
Advances, deposits and prepayments	33,171	(69)	350	(151)
	(232,076)	(404,213)	37,171	(184,819)
Increase /(decrease) in liabilities				
Payable to Management Company	101	(282)	41	(1,460)
Payable to Central Depository Company of Pakistan Limited - Trustee	5	(14)	-	(4)
Payable to Securities and Exchange Commission of Pakistan - fee	(179)	(387)	194	181
Payable against sale of investments	-	-	-	-
Payable on redemption of units	(1,367)	-	-	-
Accrued expenses and other liabilities	3,851	13,715	10	7,974
	2,411	13,032	245	6,691
Net cash generate from operating activities	(159,499)	(340,429)	64,059	(162,123)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	113,934	150,723	37,002	59,965
Payments on redemption of units	(144,190)	(296,053)	(33,503)	(71,033)
Net cash generate from financing activities	(30,256)	(145,330)	3,499	(11,068)
Net decrease/ increased in cash and cash equivalents during the period	(189,755)	(485,759)	67,558	(173,191)
Cash and cash equivalents at beginning of the period	263,245	504,706	5,932	192,138
Cash and cash equivalents at end of the period	73,490	18,947	73,490	18,947

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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


Chief Executive Officer


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Income Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL had been changed to MCB-Arif Habib Savings and Investments Limited effective from June 27, 2011.
- 1.3** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Fund is an open-ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on Lahore Stock Exchange.
- 1.5** The Fund primarily invests in money market and other short-term instruments which includes short-term corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2+ (AM2 plus) dated April 07, 2015 to the Management Company and A+(f) as stability rating dated February 20, 2014 to the Fund.
- 1.7** 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. STATEMENT OF COMPLIANCE

- 2.1** 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 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). 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) shall prevail.
- 2.2** This condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. 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'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014. Comparative information of the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the quarters ended March 31, 2015 and March 31, 2014 are un-audited and have been included to facilitate comparison.
- 2.3** This condensed interim financial information is un-audited.
- 2.4** This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

2.5 The directors of the asset management company declare that this condensed interim financial information give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund for the year ended June 30, 2014.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2014.

3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management policies are consistent with that disclosed in the financial statements of the Fund as at and for the year ended March 31, 2015.

		(Unaudited) March 31, 2015	(Audited) June 30, 2014
---- (Rupees in '000) ----			
5. INVESTMENTS			
<i>At fair value through profit or loss</i>			
Government securities	5.1	525,772	301,916
Listed debt securities	5.2	161,184	205,690
Unlisted debt securities	5.3	129,642	128,831
		816,598	636,437
<i>Available for sale</i>			
Government securities	5.4	185,374	66,590
		1,001,972	703,027

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

5.1 Government securities - 'at fair value through profit or loss'

Issue date	Face value				As at March 31, 2015			Market value as a percentage of net assets	Market value as a percentage of total investments	
	As at July 1, 2014	Purchased during the period	Disposed during the period	Matured during the period	Carrying value	Market value	Appreciation/(diminution)			
	----- (Rupees in '000) -----									%
Pakistan Investment Bond - 05 years	-	37,500	-	-	37,500	38,216	43,490	5,274	4.07	4.34
Pakistan Investment Bond - 3 years	300,000	450,000	425,000	100,000	225,000	222,421	233,886	11,465	21.89	23.34
Treasury bills - 3 months	-	867,000	492,000	375,000	-	-	-	-	-	-
Treasury bills - 6 months	-	200,000	-	100,000	100,000	99,345	99,358	13	9.30	9.92
Treasury bills - 12 months	-	150,000	-	-	150,000	149,024	149,038	14	13.95	14.87
Total as at March 31, 2015					509,006	525,772	16,766	49,22		52.47
Total as at June 30, 2014					302,648	301,916	(732)	29.95		42.95

5.2 Listed debt securities

Less: Provision at July 1		5.2.1	290,882
Trust Investment Bank Limited - III	17,166		17,166
Pace Pakistan Limited	39,751		36,348
Telecard Limited	28,275		28,589
	85,192		82,103
Less: Provision charged during the period			
Pace Pakistan Limited	-		3,403
Telecard Limited	-		-
Trust Investment Bank Limited - III	-		-
Add: Reversals during the period	1,873		314
Telecard Limited	161,184		205,690

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

5.2.1 Listed debt securities - term finance certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					As at March 31, 2015				Market value** as a percentage of total investment		
	As at July 1, 2014	Purchased during the year	Matured during the year	Disposed during the year	As at March 31, 2015	Carrying value*	Market value	Appreciation / (diminution)	Market value** as a percentage of net assets			
											-----Rupees in '000-----	
Commercial banks												
Askari Bank Limited (18-11-09 issue)	11,000	-	-	-	11,000	53,452	51,655	(1,797)	4.84	5.16		
Askari Bank Limited (23-12-11 issue)	42	-	-	-	42	44,118	42,459	(1,659)	3.97	4.24		
Bank Al Falah Limited (20-02-13 issue)	13,381	-	-	-	13,381	67,736	67,070	(666)	6.28	6.69		
Bank Al-Habib Limited (07-02-07 issue)	5,520	-	5,520	-	-	-	-	-	-	-		
United Bank Limited (08-09-06 issue)	14,612	-	14,612	-	-	-	-	-	-	-		
						165,306	161,184	(4,122)	15.09	16.09		
Financial services												
Escorts Investment Bank Limited (15-03-07 issue)	3,016	-	3,016	-	-	-	-	-	-	-		
Trust Investment Bank (04-07-08 issue)	10,000	-	-	-	10,000	17,166	17,166	-	-	-		
						17,166	17,166	-	-	-		
Fixed line telecommunication												
Telecard Limited (27-05-05 issue)	19,975	-	-	-	19,975	26,402	26,402	-	-	-		
Real Estate investment and services												
Pace Pakistan Limited (15-02-08 issue)	10,000	-	-	-	10,000	39,751	39,751	-	-	-		
Total as at March 31, 2015	87,546	-	23,148	-	64,398	248,625	244,503	(4,122)	15.09	16.09		
Total as at June 30, 2014	94,306	-	-	6,760	87,546	289,377	290,882	1,505	28.86	41.38		

* Carrying value before provision - Provision detail is specified in note 5.2

** Market value after provision - Provision detail is specified in note 5.2

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

(Unaudited) March 31, 2015	(Audited) June 30, 2014
129,642	128,831
-	1,075
-	-
-	(1,075)
129,642	128,831

5.3 Unlisted debt securities

Less: Provision of Maple Leaf Cement Factory Limited
At July 01
Charged during the period
Reversal during the period
At June 30

5.3.1 Unlisted debt securities - term finance certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of Certificates					As at March 31, 2015				Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2014	Purchased during the year	Matured during the year	Disposed during the year	As at March 31, 2015	Carrying value*	Market value	Appreciation / (diminution)	%		
Bank Al-Habib Limited - TFC-4 (30-06-11) Fixed	1,000	-	-	-	1,000	5,589	5,422	(167)	0.51	0.54	
Bank Alfalah Limited - TFC4 (02-12-09) Floating	4,500	-	-	-	4,500	23,158	23,241	83	2.18	2.32	
Engro Fertilizer Limited - PPTFC-1 (18-03-08)	20,100	-	-	-	20,100	98,627	100,003	1,376	9.36	9.98	
Maple Leaf Cement Factory Limited-Sukak (03-12-07)	500	-	-	-	500	876	976	100	0.09	0.10	
Total as at March 31, 2015	26,100	-	-	-	26,100	128,250	129,642	1,392	12.14	12.94	
Total as at June 30, 2014	29,100	-	-	3,000	26,100	124,545	128,831	4,286	12.78	18.33	

* Carrying value before provision - Provision detail is specified in note 5.3

5.4 Government securities - 'available for sale'

Issue date	Face value					As at March 31, 2015				Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2014	Purchased during the period	Disposed during the period	Matured during the period	As at March 31, 2015	Carrying value	Market value	Appreciation / (diminution)	%		
Pakistan Investment Bond - 3 years	67,500	-	-	-	67,500	66,484	70,166	3,682	6.57	7.00	
Pakistan Investment Bond - 5 years	-	100,000	-	-	100,000	106,014	107,013	999	10.02	10.68	
Pakistan Investment Bond - 10 years	-	7,400	-	-	7,400	8,127	8,195	68	0.77	0.82	
Total as at March 31, 2015	67,500	107,400	-	-	185,374	185,374	185,374	4,749	17	19	
Total as at June 30, 2014	66,483	-	-	107	66,590	66,590	66,590	107	6.61	9.47	

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

	Note	(Un-Audited) 31-Mar 2015	(Audited) June 30 2014
5.5 Net unrealised appreciation in value of investments at fair value through profit or loss			
Market value of investments	5.1, 5.2.1, 5.3.1	816,598	721,629
Carrying value of investments	5.1, 5.2.1, 5.3.1	(802,562)	(716,570)
		14,036	5,059

5.6 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with Clause (v) of the investment criteria laid down for 'Income Scheme' in Circular no. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at 31 March 2015, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

Category of non-compliant investment	Type of Investment / Name of Company	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000'-----			%	%
Investment in debt securities	a) Pace Pakistan Limited	39,751	39,751	-	0.00	0.00
Investment in debt securities	b) Teletcard Limited	26,402	26,402	-	0.00	0.00
Investment in debt securities	c) Trust Investment Bank Limited - III	17,166	17,166	-	0.00	0.00

6. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
		---- (Rupees in '000) ----	
Provision for Workers' Welfare Fund	6.1	23,735	21,985
Provision for Federal Excise Duty and related tax on management fee	6.2	5,099	2,783
Sales load		157	86
Auditors' remuneration		300	385
Zakat		165	159
Brokerage		25	36
Capital gain tax		8	7
Other		545	553
		30,034	25,994

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015

6.1 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 2011, a single judge of the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down.

However in 2013, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it was held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, as per advice of legal council the stay granted to CISs remains intact and constitution petitions filed by CISs to challenge the WWF contribution have not been affected by the SHC judgement. In view of the aforementioned developments and uncertainties created by decision of SHC, the management company as a matter of prudence has charged provision for WWF amounting to Rs. 23.735 million till March 31, 2015. Had the said provision of WWF not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 1.26 per unit.

6.2 FEDERAL EXCISE DUTY ON REMUNERATION OF MANAGEMENT COMPANY

The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. In this regard, a Constitutional Petition has been filed by certain Collective Investment Schemes through their trustees in the Honourable Sindh High Court (SHC), challenging the levy of FED on Asset Management services after the eighteenth amendment. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of prudence, has decided to retain and continue with the provision of FED and related taxes in financial information aggregating to Rs. 5.099 million as at March 31, 2015. In case, the suit is decided against the fund the same would be paid to management company, who will be responsible for submitting the same to authorities. Had the said provision of FED and related taxes were not recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Rs. 0.27 per unit as at March 31, 2015.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2015 and June 30, 2014 other than those stated in note 8 to the condensed interim financial information.

8. TAXATION

8.1 The Fund's income is exempt from Income Tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised, is distributed amongst the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Ordinance. As the management intends to distribute at least 90% of income earned during current year to the unit holders, therefore, no provision for taxation has been recorded in these financial statement.

8.2 The income tax returns till the tax year 2014 have been filed and are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) except for tax years 2008 and 2012 for which Order under section 122(5A) of the Ordinance has been received that the Fund is not entitled to the exemption from income tax on the basis that the distribution of bonus shares should not be included in calculation of distribution of 90% of declared profit required to claim exemption from income tax. This issue has also been raised by the department in other mutual funds. The Fund filed a petition in the Sindh High Court (SHC) against the demands raised in this respect and has obtained a stay order against the payment of tax demand. Other Mutual Funds are also contesting the same at different appellate forums of Federal Board of Revenue. The Commissioner Inland Revenue (Appeals) has also decided in favour of the fund wherein the earlier notices served by Tax authorities have been annulled. The management, based on the tax advice obtained by Mutual Funds Association of Pakistan from various tax advisors, is confident that the case would ultimately be decided in favor of the Fund and therefore no provision is required to be made in this condensed interim financial information.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

9. EARNINGS PER UNIT

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

10. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties 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 and other associated undertakings.

Remuneration to the Management Company and the Trustee are determined in accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 and the Trust Deed of the Fund. All other transactions with connected persons are in the normal course of business and are carried out on agreed terms.

10.1 Details of transactions with connected persons are as follows:

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
MCB-Arif Habib Savings and Investment Limited				
- Management Company				
Remuneration for the period including indirect taxes	15,416	15,313	5,167	4,873
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	1,293	1,279	429	410
CDS charges	-	6	-	4
MCB Bank Limited				
Profit on bank deposits	556	545	235	130
Bank Charges	13	2	11	(1)
Next Capital				
Brokerage *	9	-	5	-
Mandate under Discretionary Portfolio Services				
Redemption of 81,467 units (2013: Nil units) and 54,895 units (2013: Nil units) for the half year and quarter ended respectively	4,500	-	1,500	-
Directors, executives and employees of the Management Company				
Issue of 44 units (2013: 195 units) and 44 units (2013: Nil units) for the half year and quarter ended respectively	2	10	2	-
Issue of Nil bonus units (2013: 1,041 units) and Nil units (2013: 16 units) for the half year and quarter ended respectively	-	54	-	1
Redemption of Nil units (2013: 27,877 units) and Nil units (2013: 24,559 units) for the half year and quarter ended respectively	-	1,461	-	1,288

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2015**

* 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 the connected persons.

	(Unaudited)	(Audited)
	March 31	June 30
	2015	2014
	----(Rupees in '000)----	
10.2 Amounts outstanding as at period / year end:		
MCB-Arif Habib Savings and Investment Limited		
- Management Company		
Remuneration payable	1,342	1,243
Sales tax payable on management fee	201	388
Sales load payable	157	86
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	172	167
Security deposit	200	200
MCB Bank Limited		
Bank balance	14,448	2,518
Profit receivable on bank deposits	27	36
Adamjee Life Assurance Company Limited		
Units held 687,445 (June 30, 2014: 687,445)	35,775	35,775
Mandate under Discretionary Portfolio Services		
Units held 35,997 (June 30, 2014: 117,464)	2,047	6,113
Directors, executives and employees of the Management Company		
Units held 898 (June 30, 2014: 885)	47	44

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 24, 2015 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Director

Please find us on



by typing: **Bachat Ka Doosra Naam**

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