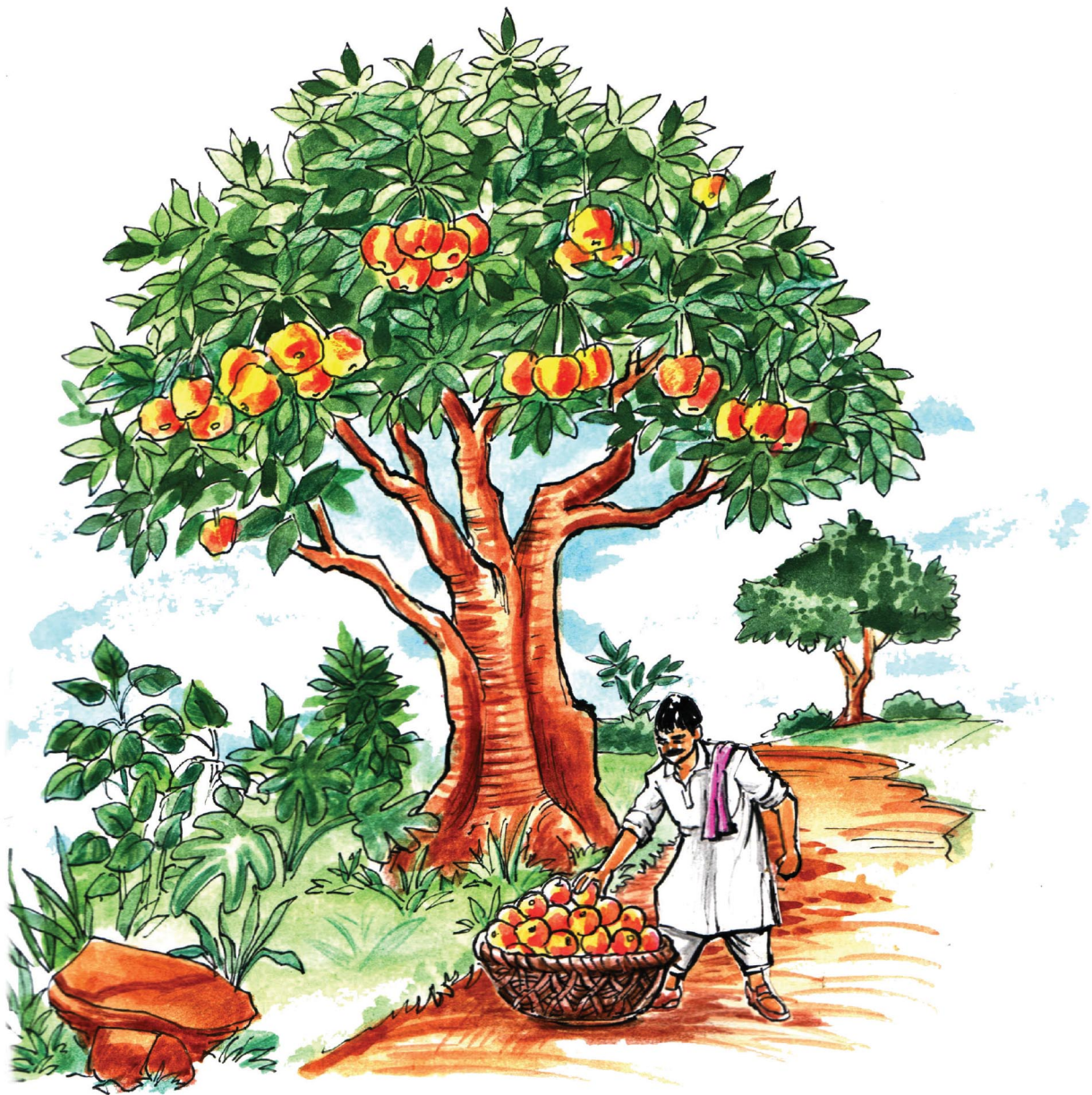


**Quarterly Report**  
**March 31, 2016**  
**(Unaudited)**



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

**MCB PAKISTAN ISLAMIC STOCK FUND**  
**(FORMERLY: PAKISTAN STRATEGIC ALLOCATION FUND)**

## CONTENTS

---

Fund's Information	153
Report of the Directors of the Management Company	154
Condensed Interim Statement of Assets and Liabilities	156
Condensed Interim Income Statement (Un-audited)	157
Condensed Interim Statement of Comprehensive Income (Unaudited)	158
Condensed Interim Distribution Statement (Un-audited)	159
Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)	160
Condensed Interim Cash Flow Statement (Un-audited)	161
Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)	162

## FUND'S INFORMATION

<b>Management Company</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
<b>Company Secretary &amp; Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Habib Bank Limited United Bank Limited Dubai Islamic Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited	
<b>Auditors</b>	Ernst & Young Ford Rhodos Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box. 15541, Karachi, Sindh-75530, Pakistan	
<b>Legal Advisor</b>	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.	
<b>Transfer Agent</b>	MCB-Arif Habib Savings and Investments Limited 24 <sup>th</sup> Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	AM2 + Asset Manager Rating assigned by PACRA	

# **REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

---

Dear Investor,

On behalf of the Board of Directors, I am pleased to present MCB Pakistan Islamic Stock Fund (Formerly: Pakistan Strategic Allocation Fund) accounts review for the nine-month period ended March 31st, 2016.

## **EQUITIES MARKET OVERVIEW**

The local equity market measured by KSE-100 Index retreated 3.7% during 9MFY16 as it could not bear the brunt of the rout in commodities and exodus of foreign investors from global equities. However, there was a marginal recovery posted by the index during 3QFY16, posting a gain of 1.0%. Foreigners selling remained unabated, dumping USD 99 million worth of equities during the third quarter, which took the net selling for 9MFY16 to USD 340 million. The selling during the period was primarily absorbed by NBFCs (USD 107.7 million), Companies (USD 98.0 million), and Individuals (USD 85.3 million), buying a cumulative USD 291 million worth of equities.

Cement sector outshined during the quarter, posting a gain of 12.5% on the back of robust local demand and ever increasing margins. Furthermore, excitement over the potential growth from CPEC lead activities kept the sector in limelight. FrieslandCampina International intention to acquire Engro Foods was the highlighting point of the quarter, which led to improved investor sentiments in the local bourse. As a result, Engro Foods rallied by 23%, while its parent company (Engro Corporation) gained 13% after the news. However, barring Engro Corporation performance, fertilizer sector remained in doldrums, losing 13% of its market capitalization during the quarter. Concerns on the pricing power of the fertilizer sector emerged after international prices went below the local prices for the first time. Commercial banks also heavily underperformed, losing 7.6% during the period, after concerns emerged on further monetary easing along with slow advances growth, as the central bank asserted on borrowing from foreign sources for CPEC related projects.

The trend of the general market is expected to remain buoyant, as news flow on up-gradation of Pakistani market from Frontier to Emerging status is expected to bring fresh flows to the local market. The KSE-100 index trades at a forward P/E ratio of 9.8x against regional P/E ratio of 14.6x (33% discount) and provides a dividend yield of 6.1%. Possible re-entry into the emerging market index remains a key catalyst and can result in re-rating of the index.

## **FUND PERFORMANCE**

During the period, MCBPISF delivered a return of -6.43% as compared to benchmark return of 1.65%. Overall equity exposure of the fund stood at 79.8% at the end of the period as compared to 34.9% at June 30, 2015. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund realigned its sector exposure by decreasing allocation in cash and increasing exposure in cements and other equities.

The Net Assets of the Fund as at March 31, 2016 stood at Rs. 828 million as compared to Rs. 666 million as at June 30, 2015 registering an increase of 24.32%.

The Net Asset Value (NAV) per unit as at March 31, 2016 was Rs. 9.61 as compared to opening NAV of Rs. 10.27 per unit as at June 30, 2015 registering a decrease of Rs. 0.66 per unit.

## **FUTURE OUTLOOK**

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with Iran having ample ability to pump more crude, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market. The weak global commodity outlook would keep import bill on the lower end, but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 3% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.5%-5.0% thus a stable monetary policy environment with potential for slight easing subject to stability in external flows looks likely.

Fiscal deficit is expected to remain within target and economic growth seems achievable with enough room for the government to bring required structural changes in the economy.

## **REPORT OF THE DIRECTOR OF MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

---

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year.

Although, remittances have shown resilience but potential threat is present if any trouble of gulf economies is passed on to labor markets. Similarly, the incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

### **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,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
April 18, 2016



# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016

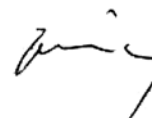
		(Un-Audited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks		152,995	433,252
Investments	5	708,313	250,274
Receivable against sale of investments		15,921	29,706
Dividend and profit receivable		7,362	1,209
Security deposits, advances and other receivables		3,227	3,084
<b>Total assets</b>		<b>887,818</b>	<b>717,525</b>
<b>LIABILITIES</b>			
Payable to Management Company		2,363	900
Payable to Central Depository Company of Pakistan Limited - Trustee and related sales tax		158	64
Payable to Securities and Exchange Commission of Pakistan - annual fee		547	352
Unclaimed dividend		12,400	12,400
Payable against purchase of equity securities		21,317	11,198
Accrued expenses and other liabilities	6	22,911	26,719
<b>Total liabilities</b>		<b>59,696</b>	<b>51,633</b>
<b>NET ASSETS</b>		<b>828,122</b>	<b>665,892</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>828,122</b>	<b>665,892</b>
<b>Contingencies and commitments</b>	7		
		----- (Number of Units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>86,140,621</b>	<b>64,830,781</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>9.61</b>	<b>10.27</b>

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



**Chief Executive Officer**

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



**Director**

# CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

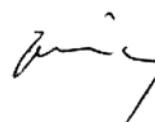
		Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Note		----- (Rupees in '000) -----			
<b>INCOME</b>					
		(37,205)	56,355	(27,220)	24,545
		25,386	13,925	8,289	7,187
		-	689	-	396
		6,745	4,954	3,273	1,109
	5.1	(8,476)	(31,562)	6,210	(30,898)
<b>Total income</b>		<b>(13,550)</b>	<b>44,361</b>	<b>(9,448)</b>	<b>2,339</b>
<b>EXPENSES</b>					
		11,517	5,527	3,941	1,824
				-	-
		3,714	1,846	1,271	609
	8	307	-	225	-
					-
		1,169	553	410	183
	9	144	-	38	-
		547	263	187	87
		1,047	1,399	524	275
		380	291	134	112
		419	356	126	109
		227	187	75	38
		303	-	235	-
		83	-	45	-
		2,972	-	-	-
		316	-	85	-
		130	180	39	65
<b>Total expenses</b>		<b>23,275</b>	<b>10,602</b>	<b>7,335</b>	<b>3,302</b>
		(4,222)	(1,784)	(2,841)	(957)
		1,388	(1,442)	920	(116)
	6.1	-	(611)	-	40
<b>Net (loss) / income for the period before taxation</b>		<b>(39,659)</b>	<b>29,922</b>	<b>(18,704)</b>	<b>(1,996)</b>
Taxation	10	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(39,659)</b>	<b>29,922</b>	<b>(18,704)</b>	<b>(1,996)</b>
<b>Earnings per unit</b>	11				

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



**Chief Executive Officer**

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



**Director**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	<b>Nine months ended March 31,</b>		<b>Quarter ended March 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>----- (Rupees in '000) -----</b>			
Net (loss) / income for the period after taxation	<b>(39,659)</b>	29,922	<b>(18,704)</b>	(1,996)
<b>Other comprehensive income:</b>				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'available-for-sale' at the end of the period	<b>(5,633)</b>	(12,168)	<b>20,783</b>	12,120
Less: net unrealised (appreciation) / diminution in value of investment at the beginning of the period	<b>(9,407)</b>	-	-	-
Impairment loss on re-measurement of investments classified as 'available-for-sale'	<b>2,972</b>	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b><u>(51,727)</u></b>	<b><u>17,754</u></b>	<b><u>2,079</u></b>	<b><u>10,124</u></b>

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



**Chief Executive Officer**

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



**Director**

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

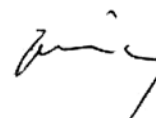
	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees in '000) -----			
Undistributed income / (loss) brought forward	10,285	(13,245)	(41,536)	19,971
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing unrealised income	858	1,504	(1,127)	254
Total comprehensive (loss) / income for the period	(51,727)	17,754	2,079	10,124
<b>Undistributed (loss) / income carried forward</b>	<b>(40,584)</b>	<b>6,013</b>	<b>(40,584)</b>	<b>30,349</b>

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



**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 AND QUARTER ENDED MARCH 31, 2016**

	<b>Nine months ended</b>		<b>Quarter ended</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
	<b>----- (Rupees in '000) -----</b>			
<b>Net assets at beginning of the period</b>	<b>665,892</b>	<b>357,941</b>	<b>724,791</b>	<b>360,781</b>
Issue of 32,485,576 units (2015: 7,460,260 units) and 7,816,477 units (2015: 749,633 units) for the nine months and quarter ended respectively	<b>319,443</b>	73,806	<b>73,541</b>	6,844
Redemption of 11,175,735 units (2015: 11,340,093 units) and 3,183,196 units (2015: 1,603,352 units) for the nine months and quarter ended respectively	<b>(108,322)</b>	(114,440)	<b>(30,259)</b>	(16,199)
	<b>211,121</b>	(40,634)	<b>43,282</b>	(9,355)
	<b>877,013</b>	317,307	<b>768,073</b>	351,426
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed				
- amount representing loss / (gain) and capital losses / (gains) transferred to income statement: from realised / unrealised capital (gain) / loss from other Income	<b>4,222</b> <b>(1,388)</b>	1,784 1,442	<b>2,841</b> <b>(920)</b>	957 116
- amount representing unrealised capital gains / (losses) transferred to the distribution statement	<b>858</b>	1,504	<b>(1,127)</b>	254
	<b>3,692</b>	1,723	<b>794</b>	820
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount representing unrealised income	<b>(858)</b>	(1,504)	<b>1,127</b>	(254)
Net unrealised (diminution) / appreciation during the period in the market value of investment classified as available-for-sale	<b>(5,633)</b>	(12,168)	<b>20,783</b>	12,120
Net income for the period transferred from the distribution statement:				
Net (loss) / gain on sale of investments	<b>(37,205)</b>	56,355	<b>(27,220)</b>	24,545
Unrealised (diminution) / appreciation on revaluation of investments classified as 'held-for-trading' - net	<b>(8,476)</b>	(31,562)	<b>6,210</b>	(30,898)
Other net (loss) / income for the period	<b>(6,044)</b>	5,129	<b>23,089</b>	16,477
	<b>(51,725)</b>	29,922	<b>2,079</b>	10,124
<b>Net assets at end of the period</b>	<b>828,122</b>	<b>338,287</b>	<b>772,073</b>	<b>362,623</b>
	<b>----- (Rupees) -----</b>			
<b>Net assets value per unit</b>	<b>9.61</b>	10.18	<b>9.61</b>	10.18

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



**Chief Executive Officer**

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



**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

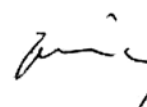
	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net (loss) / income for the period before taxation	(39,659)	29,922	(18,704)	(1,996)
<b>Adjustments for non - cash and other items</b>				
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:				
from realised / unrealised capital gain	4,222	1,784	2,841	957
from other income	(1,388)	1,442	(920)	116
Unrealised (appreciation) / diminution on revaluation of investments classified as 'held-for-trading' - net	8,476	31,562	(6,210)	30,898
Dividend income	(25,386)	(13,925)	(8,289)	(7,187)
Impairment loss on 'available-for-sale' investment	2,972	-	-	-
	(50,763)	50,785	(31,282)	22,788
<b>(Decrease) / increase in assets</b>				
Investments - net	(481,552)	(98,370)	(11,742)	(60,298)
Receivable against sale of investments	13,785	11,063	(812)	2,722
Profit receivable	(684)	63	(706)	456
Security deposits, advances and other receivables	(143)	(247)	63	(113)
	(468,594)	(87,491)	(13,197)	(57,233)
<b>(Decrease) / increase in liabilities</b>				
Payable to Management Company	1,463	21	2,278	(15)
Payable to Central Depository Company of Pakistan Limited - Trustee and related sales tax	94	2	13	(1)
Payable to Securities and Exchange Commission of Pakistan - annual fee	195	(67)	187	87
Payable against purchase of equity securities	10,119	-	21,317	-
Accrued expenses and other liabilities	(3,808)	(632)	(6,389)	327
	8,063	(676)	17,406	398
	(511,294)	(37,382)	(27,073)	(34,047)
Dividend received	19,917	8,095	2,566	1,216
<b>Net cash (used in) operating activities</b>	(491,377)	(29,287)	(24,507)	(32,831)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issuance of units	319,443	73,806	73,541	6,844
Payments on redemption of units	(108,323)	(114,440)	(30,259)	(16,199)
<b>Net cash generated from / (used in) financing activities</b>	211,120	(40,634)	43,282	(9,355)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(280,257)	(69,921)	18,775	(42,186)
Cash and cash equivalents at the beginning of period	433,252	99,647	134,220	71,912
<b>Cash and cash equivalents at the end of period</b>	152,995	29,726	152,995	29,726

The annexed notes from 1 to 15 form an integral part to these condensed interim financial statements.



Chief Executive Officer

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



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB Pakistan Islamic Stock Fund (Formerly: Pakistan Strategic Allocation Fund) (the Fund) was established under a Trust Deed dated, May 26, 2004, executed between MCB Asset Management Company Limited (now merged with and into Arif Habib Investments Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.
- 1.2** Formation of the Fund as a closed-end fund was authorized by Securities and Exchange Commission of Pakistan (SECP) on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. On July 01, 2015 the Fund was converted into Shariah Compliant equity scheme.
- 1.3** The registered office of the Management Company is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4** The Fund is categorised as "Shariah Compliant Equity Scheme" and is listed on the Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange (Guarantee) Limited). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager rating of 'AM2+' dated April 07, 2015 to the Management Company and fund performance ranking of 4-star short term and 3-star long term to the Fund dated August 13, 2015.

## 2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements for the nine months ended March 31, 2016 have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP will prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.
- 2.3** 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 is unaudited. However, a limited scope review has Code of Corporate Governance.
- 2.4** These are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees.

## 3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the 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 half year ended December 31, 2015.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2015.

## 5. INVESTMENTS

### 'At fair value through profit or loss - held-for-trading'

Listed equity securities	5.1	30,859	66,630
--------------------------	-----	--------	--------

### 'Available-for-sale'

Listed equity securities	5.2	677,454	183,644
		<u>708,313</u>	<u>250,274</u>

	(Un-Audited)	(Audited)
	March 31,	June 30,
	2016	2015
Note	-----	-----
	(Rupees in '000)	

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

**5.1 Listed equity securities at 'fair value through profit or 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 July 01, 2015	Purchases / Right issue(R) during the period	Bonus issue during the period	Sales during the period	As at March 31, 2016	Balance as at March 31, 2016			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
						Carrying Value	Market value	(Diminution) / appreciation			
----- (Rupees in '000) -----											
----- % -----											
<b>Oil and gas</b>											
Attock Petroleum Limited	13,797	-	-	-	13,797	7,826	5,944	(1,882)	0.72	0.84	0.02
						7,826	5,944	(1,882)	0.72	0.84	
<b>Construction and materials (Cement)</b>											
Cherat Cement Company Limited	1	-	-	-	1	0	0	0	0.00	0.00	0.00
Kohat Cement Company Limited	188	-	-	-	188	38	49	11	0.01	0.01	0.00
Lucky Cement Company Limited	5,419	-	-	-	5,419	2,816	2,917	101	0.35	0.41	0.00
Maple Leaf Cement Factory Limited	100	-	-	-	100	8	9	1	0.00	0.00	0.00
						2,862	2,975	113	0.36	0.42	
<b>General industrials</b>											
Packages Limited	1,050	-	-	-	1,050	624	548	(76)	0.07	0.08	0.00
						624	548	(76)	0.07	0.08	
					Balance c/f.	11,312	9,467	(1,845)			

Name of the Investee Company	As at July 01, 2015	Purchases during the period	Bonus / rights issue	Sales during the period	As at March 31, 2016	Balance as at March 31, 2016			Market value as percentage of net assets	Market value as percentage of total investments	Paid up value of shares as percentage of total paid up capital of the investee company
						Carrying Value	Market value	(Diminution) / Appreciation			
----- (Rupees in '000) -----											
----- % -----											

\* The shares of Pakistan Oilfields Limited and Pakistan Petroleum Limited include shares with a market value of Rs.10,720 and Rs.7,917 thousand (June 30, 2015: Rs.Nil and Rs.10,677 thousand) respectively that have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

## 5.2 Listed equity securities 'available-for-sale'

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

Name of the Investee Company	Number of shares				Balance as at 31 March 2016				Market value as % of net assets	Market value as % of total investments	Paid up value of shares as percentage of total paid up capital of the investee company	
	As at July 01, 2015	Purchases during the period	Bonus/Rights issue during the period	Sales during the period	As at March 31, 2016	Cost	Market Value	(Diminution) / Appreciation				
----- (Rupees in '000) ----- % -----												
<b>Oil And Gas Marketing Companies</b>												
Attock Petroleum Limited	-	53,000	-	5,600	47,400	23,125	20,422	(2,703)	-	2.88	0.00	
Haseco Petroleum	-	214,000	27,800	239,800	2,000	200	281	81	-	0.04	0.00	
Hi-Tech Lubricants	-	311,000	-	-	311,000	18,465	17,736	(729)	-	2.14	0.27	
					360,400	41,790	38,439	(3,351)				
<b>Refinery</b>												
Attock Refinery Limited	-	115,700	-	1,000	114,700	23,908	26,423	2,515	-	3.73	0.00	
					114,700	23,908	26,423	2,515				
<b>Automobile parts and accessories</b>												
Agriauto Industries Limited	-	103,000	-	-	103,000	20,279	18,687	(1,592)	-	2.26	0.36	
Thal Limited*	-	94,300	-	-	94,300	26,274	24,019	(2,255)	-	2.90	0.12	
					197,300	46,553	42,706	(3,847)				
<b>Cable and electrical goods</b>												
Pak Elektron Limited	147,000	315,000	37,500	362,000	137,500	9,014	8,315	(699)	-	1.17	0.00	
Pak Elektron Limited (R )	-	37,500	-	37,500	-	-	-	-	-			
					137,500	9,014	8,315	(699)				
<b>Construction and materials (cement)</b>												
Cherat Cement Company Limited	-	315,000	-	-	315,000	28,142	33,992	5,850	-	4.10	0.18	
Fauji Cement Company Limited	400	1,440,000	-	1,390,400	50,000	1,912	2,096	184	-	0.25	0.00	
Kohat Cement Limited	-	93,700	-	18,088	75,612	17,136	19,662	2,526	-	2.37	0.05	
Lucky Cement Limited	28,600	76,900	-	34,219	71,281	36,214	38,357	2,143	-	4.63	0.02	
Maple Leaf Cement Factory Limited	-	1,235,000	-	1,137,500	97,500	7,361	8,990	1,629	-	1.09	0.02	
Pioneer Cement Limited	-	170,000	-	-	170,000	15,513	16,816	1,303	-	2.03	0.07	
					779,393	106,278	119,913	13,635				
<b>Chemicals</b>												
ICI Pakistan Limited	-	60,000	-	-	60,000	28,839	25,797	(3,042)	-	3.12	0.06	
					60,000	28,839	25,797	(3,042)				
<b>Engineering</b>												
Anreli Steels Limited	-	430,674	-	130,674	300,000	15,416	15,651	235	-	1.89	0.10	
Mughal Iron and Steel industries Limited	-	231,000	-	190,000	41,000	2,908	2,806	(102)	-	0.34	0.03	
					341,000	18,324	18,457	133				
<b>Fertilizer</b>												
Engro Corporation Limited	80,900	261,000	-	198,900	143,000	43,140	45,145	2,005	-	2.52	0.02	
Engro Fertilizer Limited	223,000	724,000	-	647,000	300,000	20,437	20,847	410	-	5.45	0.03	
					443,000	63,577	65,992	2,415				
<b>Foods and personal care</b>												
Al-Shaheer Corporation	-	375,000	-	-	375,000	20,280	20,044	(236)	-	2.42	0.30	
					375,000	20,280	20,044	(236)				
<b>Glass and ceramics</b>												
Tariq Glass Industries Limited	184,000	206,500	-	-	390,500	26,006	22,063	(3,943)	-	2.66	0.53	
					390,500	26,006	22,063	(3,943)				
<b>Miscellaneous</b>												
Shifa International Hospitals Limited	-	128,000	4,620	76,000	56,620	15,676	15,004	(672)	-	1.81	0.11	
Shifa International Hospitals Limited (R)	-	-	4,620	4,620	-	-	-	-	-	-	0.00	
					56,620	15,676	15,004	(672)				
<b>Oil and gas development companies</b>												
Mari Petroleum Company	-	33,050	-	-	33,050	20,184	23,217	3,033	-	2.80	0.03	
Pakistan Oilfields Limited	24,000	206,100	-	157,000	73,100	19,155	18,861	(294)	-	2.28	0.03	
Pakistan Petroleum Limited	40300	76,400	-	56,457	60,243	7,716	7,718	2	-	0.93	0.00	
					166,393	47,055	49,796	2,741				
<b>Paper and board</b>												
Packages Limited	23,150	56,300	-	50,500	28,950	16,855	15,112	(1,743)	-	1.82	0.03	
					28,950	16,855	15,112	(1,743)				
<b>Power generation and distribution</b>												
Hub Power Company Limited	11,500	574,500	-	-	586,000	59,677	61,260	1,583	-	7.40	0.05	
K-Electric Limited**	-	4,850,500	-	-	4,850,500	39,778	34,439	(5,339)	-	4.16	0.02	
Lalpir Power Limited- related party	-	759,000	-	-	759,000	24,572	18,945	(5,627)	-	2.29	0.20	
Pakgen Power Limited- related party	379,500	222,500	-	-	602,000	18,462	16,242	(2,220)	-	1.96	0.16	
					6,797,500	142,489	130,886	(11,603)				
<b>Commercial Banks</b>												
Meezan Bank Limited	-	600,000	-	-	600,000	24,795	25,200	405	-	3.04	0.06	
					600,000	24,795	25,200	405				
<b>Pharmaceuticals</b>												
Abbot Laboratories Pakistan	-	30,000	-	1,000	29,000	18,512	19,202	690	-	2.32	0.03	
Glaxosmithkline	-	43,600	-	43,600	-	-	-	-	-	-	0.00	
Searle Company	-	21,000	2,100	-	23,100	9,159	10,152	993	-	1.23	0.02	
					52,100	27,671	29,354	1,683				
<b>Textile Composite</b>												
Nishat Mills Limited	-	250,000	-	-	250,000	23,973	23,953	(20)	-	2.89	0.07	
					250,000	23,973	23,953	(20)				
<b>March 31, 2016</b>												
					11,150,356	683,083	677,454	(5,629)				
<b>June 30, 2015</b>												
						174,237	183,644	9,407				

\* These have a face value of Rs.5 per share

\*\* These have a face value of Rs.3.5 per share

\*\*\* These include shares with a market value aggregating to Rs.25,188 thousand (June 30, 2015: Rs.Nil) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	Note	(Un-Audited) March 31, 2016 ----- (Rupees in '000) -----	(Audited) June 30, 2015 -----
<b>5.3 Unrealised diminution in value of investments at 'fair value through profit or loss held-for-trading' - net</b>			
Market value of investments	5.1	<b>30,859</b>	66,630
Less: Cost of investments	5.1	<b>(39,336)</b>	(75,795)
		<b><u>(8,477)</u></b>	<b><u>(9,165)</u></b>

**6. ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Workers' Welfare Fund	6.1	<b>15,754</b>	15,754
Federal Excise Duty and related taxes payable on management fee	6.2	<b>4,813</b>	2,710
Federal Excise Duty and related taxes payable on sales load		<b>190</b>	95
Auditors' remuneration		<b>259</b>	341
Brokerage		<b>959</b>	486
Withholding tax payable		<b>70</b>	4,919
Donation		<b>672</b>	2,083
Others		<b>194</b>	331
		<b><u>22,911</u></b>	<b><u>26,719</u></b>

**6.1 Provision for Workers' Welfare Fund**

There is no change in the status of the petition pending with the Honourable Sindh High Court (SHC) as reported in note 9.1 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for WWF as on March 31, 2016 amounting to Rs.15.754 million (June 30, 2015: Rs.15.754 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.18 (June 30, 2015: Re.0.24 (2.37%)) per unit.

**6.2 Federal Excise Duty on Remuneration of Management Company**

There is no change in the status of petition with SHC as reported in note 9.3 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for FED as on March 31, 2016 amounting to Rs.4.813 million (June 30, 2015: Rs.2.710 million). Had the said provision of FED and related taxes not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re.0.056 per unit as at March 31, 2016 (June 30, 2015: Re.0.042 per unit).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at March 31, 2016.

**8. EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY AND RELATED SALES TAX**

The SECP via SRO 1160 dated November 25, 2015 amended clause 60 of NBFC Regulations, 2008. The said clause entitled the Management Company to reimbursement of fees and expenses related to registrar services, accounting, operation and valuation services related to CIS upto a maximum of 0.1% of average annual net assets of the scheme or actual whichever is less.

**9. SINDH SALES TAX ON REMUNERATION OF TRUSTEE**

The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services of shares, securities and derivatives and included the custodianship services as well. Accordingly, Sindh Sales Tax of 14% on such services is also chargeable on Trustee fee which is now covered under the section 2(79A) of the Sindh Finance Bill, 2010 amended upto 2015.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

**10. TAXATION**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial statement.

**11. 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.

**12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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

	----- Un-audited -----			
	Nine months ended		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>				
Remuneration of management company including indirect taxes	15,230	7,373	5,211	2,433
Expenses allocated by management company and related sales tax	270	-	225	-
Payment of conversion cost	1,520	-	-	-
Shariah advisory fee	303	-	235	-
<b>Central Depository Company of Pakistan Limited- Trustee</b>				
Remuneration of Trustee	1,314	553	449	183
CDC charges for conversion - including taxes	92	87	29	37
<b>Group / Associated Companies</b>				
<b>Arif Habib Limited *</b>				
Brokerage expense	276	143	80	1

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	----- Un-audited -----			
	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees in '000) -----			
<b>Next Capital Limited *</b>				
Brokerage expense	149	99	100	-
<b>MCB Bank Limited</b>				
Mark up income during the period	-	4,052	-	850
Bank charges	10	20	2	7
Dividend income	-	587	-	216
<b>Lalpir Power Limited</b>				
Dividend income	759	-	-	-
<b>Pakgen Power Limited</b>				
Dividend income	607	-	-	-
<b>Nishat Mills Limited</b>				
Dividend income	-	167	-	-
<b>D.G Khan Cement Company Limited</b>				
Dividend income	-	489	-	-
<b>Mandate under discretionary portfolio services</b>				
Issue of 149,850 units (2015: 1,250,991 units) and Nil units (2015: Nil units) for the nine months and quarter ended respectively	1,500	12,741	-	-
Redemption of 1,749,271 units (2015: 1,250,991 units) and Nil units (2015: Nil units) for the nine months and quarter ended respectively	17,581	13,123	-	-
<b>Directors and executives of the Management Company</b>				
Issuance of 74,675 units (2015: 33,988 units)	774	350	-	-
Redemption of 79,740 units (2015: 33,988 units)	833	350	-	-

\* 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	(Un-Audited) March 31, 2016 ----- (Rupees in '000) -----	(Audited) June 30, 2015
<b>12.2 Amount outstanding as at period / year end</b>		
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration payable	1,382	643
Sales tax payable on management remuneration	193	96
Conversion cost payable	563	2,083
Expense allocated by management company and related sales tax payable	131	-
Sales load payable including related taxes	15	5,318
Legal and professional charges	-	100
Shariah advisory fee payable	80	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	138	64
Sales tax on remuneration	19	-
Security deposit	300	300
<b>Group / Associated Companies</b>		
<b>Arif Habib Limited *</b>		
Brokerage payable	57	37
<b>Next Capital Limited *</b>		
Brokerage payable	99	48
<b>MCB Bank Limited</b>		
Balances with bank	3,321	418,849
Accrued mark-up	-	343
<b>Adamjee Life Assurance Company Limited (IMF)</b>		
24,414,063 units held as at March 31, 2016 (June 30, 2015: Nil)	234,619	-
<b>Nishat Mills Limited</b>		
993,889 units held as at March 31, 2016 (June 30, 2015: 993,889)	9,551	10,207
250,000 shares held as at March 31, 2016 (June 30, 2015: Nil)	23,953	-
<b>D.G. Khan Cement Company Limited -</b>		
402,955 units held as at March 31, 2016 (June 30, 2015: Nil)	3,872	-
<b>Pakgen Power Limited</b>		
607,000 shares held as at March 31, 2016 (June 30, 2015: Nil)	16,377	-
		-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016**

	(Un-Audited) March 31, 2016 ----- (Rupees in '000) -----	(Audited) June 30, 2015 -----
<b>Lalpir Power Limited</b>		
759,000 shares held as at March 31, 2016 (June 30, 2015: Nil) - 'available-for-sale'	18,945	-
<b>Directors and executives of the Management Company</b>		
10,058 units held as at March 31, 2016 (June 30, 2015: 15,124)	97	155
<b>Mandate under Discretionary Portfolio Services</b>		
2,093,485 units held as at March 31, 2016 (June 30, 2015: Nil)	20,118	-

**14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 18, 2016 by the Board of Directors of the Management Company.


**15. GENERAL**

Certain prior year's / period's figures have been reclassified for the purpose of comparison. However, there were no material reclassifications to report.



**Chief Executive Officer**

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



**Director**



Please find us on



by typing: **Bachat Ka Doosra Naam**

## **MCB-Arif Habib Savings and Investments Limited**

24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)